



Financing Agency for Social Entrepreneurship (FASE): An intermediary bridging the financing gap for social enterprises (Germany)

What?

FASE is a financial intermediary providing hybrid financing to social enterprises. It uses a highly tailored, “deal-by-deal” approach in order to design innovative financing schemes that match the needs of social enterprises and impact investors. The main objective of FASE is to mobilise growth capital for early-stage social enterprises to enable them to scale their impact.

Why?

Early-stage social enterprises often face a strategic financing gap as the required investment amounts tend to be too large for private donations or philanthropist organisations, and too small and risky for institutional social investors. This market failure is often termed “the valley of death”: many social enterprises risk failing prematurely due to sheer lack of funding. Ashoka Germany launched FASE in 2013 to bridge the gap between capital supply and demand so that social enterprises are able to scale their impact.

Key Activities

FASE has two main activities: it develops new collaborative funding models and offers a lean, transparent transaction management. In detail, FASE has developed seven collaborative funding models, which can be assigned to three basic categories: 1) tailored financing; 2) hybrid co-operation; and 3) innovative financing. These models acknowledge the fact that many social enterprises choose to operate as “structural hybrids”, with non-profit as well as for-profit subsidiaries. Furthermore, as an experienced financial intermediary, FASE ensures a transparent, reliable, well-structured and efficient transaction both for social enterprises and potential investors in order to build trust and save time, money and hassle for all parties. Finally, FASE disseminates as much knowledge as possible in order to forge an evolving market for social finance.

Impact

As of early 2017, FASE had successfully closed 20 transactions, channelling around EUR 8 million into the social finance sector and advising approximately 200 social enterprises on the nature, process and requirements

of raising growth capital. It had added over 250 current and potential impact investors as part of their network and had published over 30 proprietary case studies and industry reports, and contributed to newspaper articles, industry reports and scientific papers.

This case study was adapted from a longer piece that was published in the OECD/EC (2017), Boosting Social Enterprise Development: Good Practice Compendium. For additional information and details, please refer to the [original publication](#) [1]

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Links

[1] <http://www.oecd.org/publications/boosting-social-enterprise-development-9789264268500-en.htm>